

Message Text

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PAGE 01 STATE 136727
ORIGIN EB-07

INFO OCT-01 ARA-10 ISO-00 AF-10 AGR-01 IO-13 EUR-12
CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07
L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05
SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02
FEAE-00 OMB-01 /116 R

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EB/ORF/ICD:EAWENDT
EB/ORF:SWBOSWORTH
ARA/ECP:ACOOLEY
AF/EPS:DMCCLELLAN

-----141209Z 061329 /46

R 132213Z JUN 77
FM SECSTATE WASHDC
TO AMEMBASSY ABIDJAN
AMEMBASSY BRASILIA
AMEMBASSY LONDON 8287
AMEMBASSY SAN SALVADOR
AMEMBASSY ANTANANARIVO
INFO AMEMBASSY MANAGUA
AMEMBASSY MEXICO
AMEMBASSY SAN JOSE
AMCONSUL SAO PAULO
AMEMBASSY TEGUCIGALPA
AMEMBASSY BOGOTA

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E.O. 11652: N/A

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PAGE 02 STATE 136727

TAGS: ETRD, EAGR

SUBJECT: BRAZILIAN COFFEE PURCHASES

REFS: (A) RIO DE JANEIRO 2639, (B) STATE 230416, 1976

1. REPORTS THAT INTERBRAS, A TRADING SUBSIDIARY OF GOVERN-

MENT CONTROLLED PETROBRAS, HAS PURCHASED A SUBSTANTIAL QUANTITY OF COFFEE FROM EL SALVADOR AND IS NEGOTIATING FOR PURCHASES FROM THE IVORY COAST AND MADAGASCAR ARE DISTURBING. THESE PURCHASES, IF THEY OCCUR, ARE PARTICULARLY INAPPROPRIATE AT THIS TIME FOR A NUMBER OF REASONS.

2. ALTHOUGH GREEN COFFEE PRICES HAVE DROPPED FROM THEIR PEAK IN THE LAST TWO MONTHS, THEY REMAIN AT SUCH HIGH LEVELS THAT CONSUMPTION IN THE U.S. IS DEMONSTRABLY DROPPING. IN ADDITION, TEST MARKETING OF NEW PRODUCTS USING EXTENDERS IS UNDERWAY BY ALL MAJOR U.S. ROASTERS. EFFORTS BY PRODUCERS LIKE THE REPORTED PURCHASES TO SUSTAIN PRICES AT CURRENT LEVELS WOULD ONLY SERVE TO ENCOURAGE THESE TRENDS AND FURTHER DISCOURAGE CONSUMPTION. SUCH ACTION WOULD BE CONTRARY TO THE UNDERTAKINGS OF THE INTERNATIONAL COFFEE AGREEMENT WHICH SEEK TO AVOID PRICES THAT WOULD HAMPER INCREASES IN CONSUMPTION. IT WOULD ALSO BE EXTREMELY SHORTSIGHTED IN TERMS OF PRODUCERS' INTERESTS IN AVOIDING PERMANENT LOSSES OF MARKETS AND EXPORT EARNINGS.

3. UNDER THE TERMS OF THE INTERNATIONAL COFFEE AGREEMENT, SALES OF COFFEE FROM ONE EXPORTING MEMBER TO ANOTHER WILL NOT BE COUNTED TOWARD THE SELLER'S FUTURE EXPORT QUOTA. AS A RESULT, ITS QUOTAS WILL BE SIGNIFICANTLY LESS THAN IF ITS COFFEE WERE EXPORTED TO IMPORTING MEMBERS.

4. ACTION REQUESTED: ACTION ADDRESSEES SHOULD INFORM APPROPRIATE OFFICIALS IN HOST GOVERNMENTS OF OUR CONCERN OVER THESE REPORTS. U.S. REP TO THE INTERNATIONAL COFFEE ORGANIZATION SHOULD ALSO EXPRESS THESE VIEWS AT THE JUNE LIMITED OFFICIAL USE

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PAGE 03 STATE 136727

15-16 MEETING OF THE EXECUTIVE BOARD. VANCE

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COFFEE, SALES, EXPORTS, PROCUREMENT, AGREEMENTS, PRICES
Control Number: n/a
Copy: SINGLE
Sent Date: 13-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE136727
Document Source: CORE
Document Unique ID: 00
Drafter: MMWALL:BLO
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770229-0265, D770211-0465
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770662/aaaaccdf.tel
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Litigation History:
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Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Reference: 77 RIO DE JANEIRO 2639, 77 STATE 230416
Retention: 0
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Review Content Flags:
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Review Withdrawn Fields: n/a
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Secure: OPEN
Status: NATIVE
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TAGS: ETRD, EAGR, BR
To: ABIDJAN BRASILIA MULTIPLE
Type: TE
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